

April 2000
The Check is In the Mail

By the time that you read this, many of you will likely know first hand that the Department of Commerce has started distributing the checks that will dissolve the PECFA backlog. The first "Bond Proceeds" were paid out the week of March 13th and the payment process appears to be working. A concentrated and detailed planning and work effort that started almost 15 months ago seems to have resulted in the elimination of many potential issues and surprises.

In December of 1998, the PECFA program became convinced that it needed to prepare for the possibility of bonding. If bonding did take place, it was clear that the program had to be in a position to quickly utilize the funding provided. PECFA needed to be able to pay claims quickly and, in doing so, transfer the "debt" from private hands to the bonds. The worst case would have been for the program to end up paying interest to two sets of lenders because it was not able to retire the debt held by private lenders in a timely manner. A failure to quickly diminish the backlog would have served to compound interest costs and greatly diminish potential savings.

Since December of 1998, when we first started to prepare for bonding, a great deal has been accomplished by the staff of the PECFA program. Among their achievements are the following:

- Reviewed 3226 individual claims and approved \$181,711,526.77 in reimbursements
- Matched the incoming claim submittal pace and also reduced the "claims waiting for review line" from \$113,678,370 to \$57,691,510.
- Reduced the time that a regular claim is in house before a review decision is completed from approximately 11 months to 3 months.
- Reduced fast track claim review times to a point where they are virtually reviewed as received.
- Updated interest costs and claim records on almost 900 final claims so that highly accurate payoffs could be accomplished.
- Developed new and innovative operating and computer systems to pay blocks of claims in the shortest time possible.

It is unlikely that we will be able to pay almost 3,600 claims totaling over \$200,000,000 in a two month period without experiencing some problems. We have anticipated many possibilities and events and compensated for them but we are sure that we will experience some surprises. We ask you to bear with us when these events occur and remember the concentrated effort that all of the staff of the PECFA program have made to make the backlog payoff successful.